

## Status of Audit Resolution

December 2001

Agency: 676

### Spokane Community Colleges

Audit Number	Finding Number
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6232	1	Finding:	Weaknesses in record keeping and physical custody of property and equipment creates a potential for misappropriation or misuse of public assets.
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Resolution/Status: Spokane Community Colleges concur with this finding and have taken the following corrective action:

- €# Instituted revised inventory procedures to ensure a higher level of compliance at the departmental level and consistency with established State policies and procedures. Training on the new procedures was conducted in November 2001,
- €# Trained managers, supervisors and other employees responsible for inventory control within their area on the revised procedures, and
- €# Completed an extensive search for missing inventory items. Those items determined missing for a long period of time and with a low probability of being found were removed from inventory. It was determined that many of these items were either consumed or parted out for instructional purposes.

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6232	2	Finding:	The District charged indirect costs to the Head Start program without a negotiated indirect cost agreement.
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Resolution/Status: Spokane Community Colleges do not concur with this repeat finding but have taken the following corrective action:

- €# Verified that the administrative costs actually charged as direct costs in Fiscal Year 2000 and in the prior grant year were submitted in the award proposals, with the costs approved as "other direct costs" in the award budgets. The rate used to charge administrative costs in the past was reasonable and created no negative impact on the federal awards, and
- €# Submitted an indirect cost rate proposal to the Department of Health and Human Services, Division of Cost Allocation. On June 25, 2001, the District received federal approval for the indirect cost rate proposal.

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